

# **CENTRAL INTELLIGENCE AGENCY** **INFORMATION REPORT**

REPORT

CD NO.

25X1

COUNTRY

East Germany

DATE DISTR. 2 February 1954

SUBJECT

Analysis of the Fulfillment of the Economic  
Plan of the Main Administration for Liquid  
Fuels, State Secretariat for Chemistry,  
First Half of 1953

NO. OF PAGES

CLASSIFICATION

NO. OF ENCLS.  
(LISTED BELOW)DATE OF  
INFO.SUPPLEMENT TO  
REPORT NO.

25X1

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE. IT IS THE POLICY OF THE NATIONAL ARCHIVES TO MAKE AVAILABLE TO THE PUBLIC INFORMATION AFFECTING THE NATIONAL DEFENSE EXCEPT WHERE SHOWN OTHERWISE. WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794 OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

25X1

25X1

NOTE: The following is an analysis of the execution of the Economic Plan during the first and second quarters of 1953 prepared by Main Administration for Liquid Fuel of the East German State Secretariat for Chemistry:

## I. Production

In the first half of 1953, the production plan of the Main Administration for Liquid Fuels was fulfilled as gross production at measurement values (Bruttoproduktion zu Messwerten) with 303,923,000 DME. Since the production quota for the first half year was 308,314,000 DME, the plan was 98.6 percent fulfilled. The underfulfillment of the half-year plan at measurement values was caused by the fact that, according to a decision of the Council of Ministers reached at the beginning of the second quarter, production of carburetor fuel and Diesel fuel was to be increased, whereas production of special carburetor fuel was to be decreased. The measurement values of carburetor fuel and Diesel fuel are lower by 40 to 50 percent than the measurement value of special carburetor fuel. Furthermore, there have been fulfillment deficiencies in pure phenol, which also had unfavorable effects upon the fulfillment of the economic plan.

In terms of fulfillment with respect to production was as follows:

lignite briquets 98.9%  
lignite distillation coke 100.6%  
sulfur 88.2%  
carburetor fuel 91.3%  
special carburetor fuel 73.6%  
Diesel fuel 115.5%  
paraffin 102.8%

25 YEAR RE-REVIEW

CLASSIFICATION SECRET

NAVY	NSRB	DISTRIBUTION	FOR EV
Approved For Release 2009/04/16 : CIA-RDP80-00810A003400400008-2			

25X1

ILLEGIB

**Page Denied**

SECRET CONTROL/ U. S. OFFICIALS ONLY  
SECURITY INFORMATION

25X1

Thus not all parts of the finance plan of the Main Administration for Liquid Fuels were fulfilled.

The non-fulfillment of the finance plan was mainly caused by the fact that objections to quotas imposed on the Main Administration for Liquid Fuels addressed to the Ministry of Finance were entirely neglected. Discrepancies between the production plan and the finance plan (which were pointed out) were also neglected. Furthermore, changes in the production plan were made during the first half-year of 1953 on the basis of a decision by the Council of Ministers (decision of the Council of Ministers of 9 April 1953), but permission was not granted to make the necessary corrections of the finance plan.

### III. Man Power Plan

1) It can be said that the man power plan of the Main Administration for Liquid Fuels was fulfilled, although the reports do not permit accurate findings on fulfillment. In several enterprises overfulfillment of the man power plan is expected, because these plants have been instructed to retain those young skilled workers whose training period was terminated in the first half year 1953. These young skilled workers belong mostly to enterprises not falling under the Main Administration, such as [redacted] masons, carpenters, etc.

2) The productivity plan will probably not be fulfilled. Non-fulfillment will also result from the change of the production plan by the decision of the Council of Ministers of 9 April 1953. As previously mentioned, this caused changes in the production of several products whereby measurement values were introduced into the production which will have negative effects on the fulfillment of the plan.

3) It is expected that wage funds will [redacted] this is based on careful estimates. However, exact indicators cannot be given; the Main Administration has not yet been informed of the effects of the decision of the Council of Ministers which was made in late June 1953.

### IV. Investment Plan

1) The over-limits plan was fulfilled with 20.8 percent at the end of the first half-year. This fulfillment is not in accordance with the established plan goals and was caused by the following factors:

a. Delayed submission of projects (Boehlen at the end of June and Rositz with a mere 50 percent in September 1953).

2) The under-limits plan was 24.3 percent fulfilled. Non-fulfillment was caused by the same factors as mentioned above.

ILLEGIB

-3-

SECRET CONTROL/ U. S. OFFICIALS ONLY

3) The plan for auxiliary installations (Nebenanlagen) was fulfilled 26 percent, or with an amount of 801,000 DME. This entirely insufficient degree of fulfillment was caused by the fact that auxiliary installations were entirely neglected in favor of main installations. Projects for auxiliary installations therefore could only be completed later than those for main installations and were thus carried out much later. However, fulfillment late in the second quarter was above average. Good organization at the construction sites will make it possible to put the auxiliary installations into operation by October 1953. The projects for all parts of the plan have been confirmed by the Main Administration with the exception of pitch concentration and chamber carbonization in Rositz.

4) In the course of a review of the 1953 investment plan, 17 million DME for investments have already been released. An additional request for the release of 4.5 million DME cannot be complied with. The Main Administration for Liquid Fuels returned a total of 20.5 million DME for carrying out government policy. If the reduction is taken into account, average fulfillment amounts to more than 37 percent of the total plan result for the first half year 1953.

#### V. Material Plan

The material plan was fulfilled for raw materials and auxiliary materials. However, it was fulfilled only 90 percent for spare parts and "Gemeinkostenmaterialien". Discrepancies between the material plan and the production plan (insufficient allocations) caused disturbances in the supply of materials. Delayed distribution of allocations caused difficulties in carrying out orders. Crude acid for phenol production and light oil for fuel were in short supply. Shortages of tar were caused by too heavy exports. Sulfuric acid supplies were adversely affected by insufficient allocations of grey iron castings, steel castings, forgings, bronze castings, non-ferrous rolling mill products (in particular sheet metal of 5 to 12 millimeter), seamless pipes, rails and accessories. Procurement of spare parts for the mining industry was also far below plan. Frequently orders could not be placed because the enterprises under the Ministry for Heavy Machine Construction and the Ministry for General Machine Construction were fully occupied with orders of higher priority. In order to improve the supply of spare parts it is necessary that the plants under the Ministry for General Machine Construction and the Ministry for Heavy Machine Construction, as well as the machine factories of the State Secretariat for Coal, take over deliveries of spare parts.

#### VI. Cultural and Social Care

In general, the instructions concerning the increase of cultural-social activities and the request concerning health care in the plans were not complied with. This can be explained by the fact that fulfillment of cultural and social measures involved so many bureaucratic processes that it became difficult to comply with the requests (for instance, dividing up the directoral funds). Furthermore, the investment plan allocates to the Main Administration only 1.6 percent of the total investment funds for carrying out social and cultural measures. However, a swimming pool was finished in Luetzkendorf and a culture house in Goelzau.

#### VII. General Remarks

1) The fulfillment of the economic plan, as well as direction and control through the Main Administration, is difficult because the available reports system cannot be used for direction and control. It is an established fact that in most enterprises there is an additional interior reports system which pertains to all parts of the economic plan and which can be used for a better purpose by the Main Administrations.

SECRET CONTROL/ U.S. OFFICIALS ONLY  
SECURITY INFORMATION

25X1

-5-

and their evaluations. The entire reports system on the economic plan should be reviewed and a collective should be established in East Germany for the purpose of studying the reorganization of the reports system.

2. [REDACTED] difficulties of the enterprises were mainly caused by [REDACTED] between the standard plans (Richtsatzplaene) and [REDACTED]. For instance: important spare parts and repair materials for high vacuum installations were not taken into consideration when the standards plans were established. As a result, the standards plan for auxiliary materials was overdrawn [REDACTED] further-  
more, sales difficulties led to an overdrawing of the standard plan for finished products with the result that the enterprises experienced difficulties in solvency.

25X1

25X1

-5-

SECRET CONTROL/ U.S. OFFICIALS ONLY